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Message Text

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70
ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGR-10 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-02 FRB-01

OMB-01 PA-02 PRS-01 USIA-15 L-02 /069 W
---------- 055471
R 160935Z MAY 75
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 6765

UNCLAS DACCA 2414

E.O. 11652 : N/A
TAGS : ECON, EIND, BG
SUBJECT : COTTON YARN DISTRIBUTION AND PRICE CONTROLS RELAXED

1. INDUSTRIES MINISTER A. H. M. KAMARUZZAMAN ANNOUNCED AT MAY 14 PRESS CONFERENCE THE REMOVAL OF RESTRICTIONS ON DISTRIBUTION AND RETAIL SALE OF CLOTH AND YARN' EXCEPTING 20/1 AND LOWER COUNTS AND 60/1 AND UPPER COUNTS). HENCEFORTH GOVERNMENT SALES COOPERATIVES, PRIVATE DEALERS, AND LICENSED TRADERS WILL BE PERMITTED TO PURCHASE YARN WHOLESALE WITHOUT ANY RESTRICTION ON QUANTITY, WHILE INDIVIDUAL WEAVERS AND OTHER CONSUMERS WOULD BE ABLE TO PURCHASE YARN AT RETAIL FROM FACTORY " WINDOWS" UP TO ONE BALE EACH. RETAIL PRICE CONTROLS ON COTTON CLOTH AND YARN WERE ALSO REMOVED. THE INDUSTRIES MINISTER ALSO SAID THAT THE GOVERNMENT WOULD REVIEW THE NEWLY RELAXED DISTRIBUTION POLICY FOR COTTON AND YARN AND EXPECTED THAT THE REMAINING DISTRIBUTION RESTRICTIONS COULD BE FURTHER RELAXED IN THE FUTURE.

2. BANGLADESH TEXTILE INDUSTRIES CORPORATION (BTIC) CHAIRMAN, M.K. ANWAR, TOLD EMBOFF MAY 14 THAT A MAJOR FACTOR IN THIS DECISION WAS THE BUILDUP OF MILL STOCKS OF YARN AND CLOTH WHICH NOW RPT NOW AMOUNTED TO ABOUT 3 AND 2 MONTHS' SUPPLY RESPECTIVELY.

3. FOR FY 75/76, THE MINISTER ESTIMATED THE ANNUAL REQUIREMENT OF CLOTH AT 640 MILLION YARDS, OR 9 YARDS PER CAPITA (UP FROM PRESENT 6-7 YARDS). HE EXPECTED 600 MILLION YARDS WOULD
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ACTUALLY BE MADE AVAILABLE. OF THIS AMOUNT

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100 MILLION YARDS WOULD BE SUPPLIED BY THE BTIC, 400
MILLION BY HAND-LOOM WEAVERS AND OTHER PRIVATE CLOTH MANU-
FACTURERS, WITH THE BALANCE AVAILABLE FROM EXISTING STOCK AND
IMPORTS. HE PREDICTED THAT THE COUNTRY WOULD BE SELF-SUFFICIENT
IN YARN PRODUCTION BY 1977 TO WEAVE THE 400 MILLION YARDS,
HAND-LOOM WEAVERS WOULD REQUIRE 260 MILLION BALES OF YARN OF WHICH
THE BTIC WAS EXPECTED TOHSUPPLY 171 MILLION BALES WITH THE REMAINING
89 BALES COMING FROM IMPORTS AND EXISTING STOCKS.

4. COMMENT: THIS IS A WELCOME, MODEST STEP TOWARD GREATER LIBERALI-
ZATION OF THE PRODUCTION AND TRADE IN A MAJOR CONSUMER ITEM.
BOSTER

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